

2006-2007 PERFORMANCE PLAN – PORTFOLIO MANAGER, FIXED INCOME / AFFILIATED FUNDS (Todd Smith)

Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
30%	CalPERS Domestic Fixed Income (FI), Internal	Net of Fees, excess return in basis points relative to: Domestic Fixed Income (FI), Internal—CalPERS Custom LEH LPF {SW4KA1 – CALCCLP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
20%	CalPERS Internally Managed Corporate Bonds	Net of Fees, excess return in basis points relative to: Internally Managed Corporate Bond Portfolio – CalPERS Corp X Sov {SN5KA1 – CALCOXS2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
10%	High Yield External Managers	Net of fees, Excess return in basis points relative to: Aggregate of the external High Yield Managers – CalPERS High Yield Cash Pay {SWXCA1-CALHYCP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
25%	Other Managed Fixed Income Funds	Net of Fees, excess return in basis points relative to: <ul style="list-style-type: none"> (7.5%) Affiliate Credit – CalPERS Corp X Sov {SK88 – CALCOXS2} (7.5%) Total Affiliates Fund – CalPERS Custom LEH LPF ex TIPS and High Yield {SKGKA1 – CPERID1D} (10%) Lehman Ag Credit Portfolio – Lehman Ag US Credit Index {SKA6 – QF1D} 	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5 0 basis points = 0 +30 basis points = 1.0 +45 basis points = 1.5 0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5
85%	Subtotal	Quantitative Measures	

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
15%	Leadership	Demonstrate leadership within CalPERS and in the external Investment community. <ul style="list-style-type: none"> Within Investment Group Trustees CalPERS External Investment Community 	From Schedule
15%	Subtotal	Qualitative Measures	
100%	Total	Quantitative and Qualitative Measures	